(a) whether there is a provision for taking corporate loans for setting up industry in any part of the country; and

(b) whether the same loan facility is available for the people of rural areas as well?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI) has reported that the credit related matters have been generally deregulated by the RBI and the commercial banks can sanction loans for setting up industry in any part of the country including in rural areas based on their commercial judgement, Board approved loan policy and extant RBI instructions.

RBI has also issued guidelines on lending to micro, small and medium enterprises to all Scheduled Commercial Banks and Regional Rural Banks (RRBs). RRBs, which have substantial presence in rural areas are expected to provide loans to the said sector as per the guidelines.

Waiver of crop loan in Karnataka

1248. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Karnataka has requested the Centre for the reimbursement of Rs. 1880/- crore on account of the waiver of the crop loans up to Rs. 25,000/- in 2007 by the State Government *vide* its letter CO29CLS 2008 dated 26/9/08 addressed to the Prime Minister;

(b) if so, the action taken by the Centre thereon; and

(c) if not, by when action is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Yes, Sir. The Government of Karnataka had requested for reimbursement of an amount of Rs.1880 crore waived by it under the Karnataka State Government Debt Waiver Scheme of 2007. The matter was examined and it was found that the reimbursement requested by the Govt. of Karnataka did not fall within the scope of Agricultural Debt Waiver and Debt Relief Scheme 2008 (ADWDRS) of Government of India.

Loan to students

1249. SHRI T.K. RANGARAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry is aware of an announcement made by the Human Resource Development Minister that interest free educational loan would be available to students belonging to families whose income is less than Rs. 4.5 lakhs per annum; and

(b) whether this has been communicated to all the banks for implementation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Ministry of Human Resource Development has proposed to introduce a scheme for full interest subsidy during the period of moratorium on loans taken by students belonging to economically weaker sections from the banks under the Education Loan Scheme of the Indian Banks' Association (IBA) for pursuing any of the approved courses of studies in technical and professional streams, from recognized institutions in India.

The scheme will be circulated to banks for implementation after the modalities of the schemes are finalized by the Ministry of Human Resource Development.

Fall in credit off-take from banks

1250. SHRI KALRAJ MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether despite a reduction in the interest rates by the Reserve Bank of India (RBI) and Public Sector Banks, the credit off-take from banks has gone down;

(b) the extent of reduction in interest rates, the date of its coming into effect and the decrease/increase in loan demand for different types of credit; and

(c) the reasons for decrease in credit growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) According to information available upto 6th November, 2009, credit offtake from banks on year-on-year basis increased by 9.8% as compared to 27.7% during the corresponding period last year.

(b) As per the Reserve Bank of India (RBI), the reduction in the range of Benchmark Prime Lending Rates (BPLRs) during October 2008-November, 2009 was 125-275 basis points for Public Sector Banks (PSBs), 100-125 basis points for private sector banks and 125 basis points for foreign banks.

There was a positive growth of credit in most of the sectors of the economy, although at a lower rate compared to last year. Credit flow to agriculture and micro and small enterprises was higher in both absolute and percentage terms compared to last year.

(c) The deceleration in credit growth during the current year was mainly on account of the following factors:-

- Overall credit demand from the manufacturing sector slowed down reflecting a decline in commodity prices and drawdown of inventories.
- Corporates were able to access non-bank domestic sources of funds and external financing at lower costs.
- Unlike in the previous year, oil marketing companies reduced their borrowings from the banking sector as oil prices moderated.

Pension scheme for Gramin Bank employees

1251. SHRI RAMA CHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state: